

**JUDGE CHIN**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

U.S. COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

AMARANTH ADVISORS, L.L.C., AMARANTH  
ADVISORS (CALGARY) ULC and BRIAN HUNTER,

Defendants.

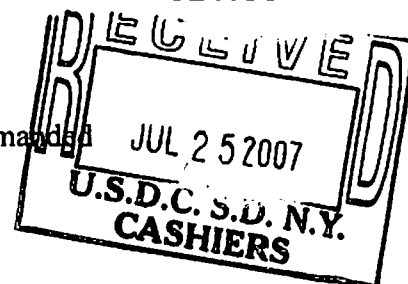
**'07 CIV 6682**

Case No. \_\_\_\_\_

COMPLAINT FOR INJUNCTIVE  
AND OTHER EQUITABLE  
RELIEF AND CIVIL MONETARY  
PENALTIES UNDER THE  
COMMODITY EXCHANGE ACT

ECF Case

Jury Trial Demand



By and for its complaint, the U.S. Commodity Futures Trading Commission ("CFTC")

alleges as follows:

## **I. SUMMARY**

1. As is more fully alleged below, Defendants Amaranth Advisors L.L.C. and Amaranth Advisors (Calgary) ULC (collectively "Amaranth"), by and through their employees and agents, including Defendant Brian Hunter ("Hunter"), engaged in a scheme of price manipulation that violated the Commodity Exchange Act, as amended (the "Act"), 7 U.S.C. §§ 1, *et seq.* (2002).

2. Defendants intentionally and unlawfully attempted to manipulate the price of natural gas futures contracts on the New York Mercantile Exchange ("NYMEX") in 2006.

3. As more fully described below, Defendants violated Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2).

4. Furthermore, on or about August 15, 2006, Amaranth Advisors L.L.C., in a communication with NYMEX, willfully falsified, concealed, or covered up by trick, scheme or artifice a material fact or made false, fictitious, or fraudulent statements or representations in violation of Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4).

5. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, Plaintiff brings this action to enjoin such acts and practices, and compel compliance with the Act. In addition, Plaintiff seeks civil monetary penalties and such other equitable and ancillary relief as the Court deems necessary or appropriate under the circumstances.

6. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendants will continue to engage in the acts and practices alleged in this Complaint or similar acts and practices, as is more fully described below.

## **II. JURISDICTION AND VENUE**

7. This Court has jurisdiction pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which authorizes the CFTC to seek injunctive relief against any person, or to enforce compliance with the Act, whenever it shall appear to the CFTC that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation or order thereunder.

8. Venue lies properly with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), in that Defendants transacted business within this District, and the acts and practices in violation of the Act occurred within this District.

### III. THE PARTIES

9. Plaintiff U.S. Commodity Futures Trading Commission is an independent federal regulatory agency that is charged with the responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1, *et seq.*, and the regulations promulgated thereunder, 17 C.F.R. §§ 1, *et seq.* A purpose of the Act is “to deter and prevent price manipulation or any other disruptions to market integrity.” 7 U.S.C. § 5.

10. Defendant Amaranth Advisors L.L.C. is a Delaware company, which was founded in September 2000, with its principal place of business in Greenwich, Connecticut. Defendant Amaranth Advisors L.L.C. is the investment advisor and manager of the Amaranth group of investment funds including Amaranth LLC, a multi-strategy private investment fund. As of on or about December 2005, Amaranth LLC and its subsidiaries had net assets of over \$6 billion, and natural gas futures positions valued at over \$5 billion.

11. Defendant Amaranth Advisors (Calgary) ULC is a Nova Scotia unlimited liability company with its principal place of business in Calgary, Alberta Province, Canada. Amaranth Advisors (Calgary) ULC has never been registered with the Commission.

12. Defendant Amaranth Advisors (Calgary) ULC is a 99%-owned indirect subsidiary of Amaranth Advisors L.L.C.

13. Amaranth provided investment, management and advisory services on behalf of Amaranth LLC with regard to energy-related commodity instruments and related investments.

14. Defendant Brian Hunter is an individual who resides in Calgary, Alberta Province, Canada. From or about October 2005 until or about September 2006 Defendant Hunter was president of Defendant Amaranth Advisors (Calgary) ULC.

#### **IV. FACTS**

15. Amaranth traded both exchange-traded and over-the-counter (“OTC”) derivative contracts including futures, options, and swaps.

16. A futures contract is an agreement to purchase or sell a commodity for delivery in the future at a price that is determined at initiation of the contract, that obligates each party to the contract to fulfill the contract at the specified price, that is used to assume or shift price risk, and that may be satisfied by delivery or offset.

17. The natural gas futures contract traded on the NYMEX is for a volume of 10,000 million British thermal units (MMBtu) of natural gas to be delivered at the Henry Hub in Louisiana during the month specified in the contract.

18. The NYMEX is a designated contract market under Section 5(b) of the Act and Commission Regulations 38.3(a)(1)(ii) and (iii). The IntercontinentalExchange (“ICE”) is an exempt commercial market under Section 2(h)(3) through (5) of the Act and Commission Regulation 36.3.

19. Amaranth was not capable of accepting delivery of or of delivering physical natural gas and thus at the end of trading of the spot month NYMEX natural gas futures contract needed to have a flat position in that contract.

20. In or around October 2005, Defendant Hunter, who oversaw most of the natural gas trading at Amaranth, transferred from the Greenwich, Connecticut office to Calgary and became head of energy trading in the Calgary office. Certain natural gas traders under Defendant Hunter’s supervision continued to work at the Greenwich office, and risk management and compliance personnel in charge of overseeing the trading of the Calgary office continued to work in Greenwich.

21. Defendant Hunter's compensation in 2005 was over \$100 million.

22. At all times relevant to this complaint, Defendant Hunter was Amaranth's head natural gas trader.

23. In 2006, Defendants engaged in a scheme to attempt to manipulate natural gas futures prices on the NYMEX, including on February 24 and April 26, 2006. Defendants' manipulative scheme included, in part, the purchase of a substantial amount of NYMEX natural gas futures contracts in advance of the closing range that Defendants planned to sell during the last half hour on the final day of trading such contracts (the "Manipulative Scheme").

24. Defendants effectuated the Manipulative Scheme through a variety of acts and practices that were intended to manipulate the prices of NYMEX natural gas futures contracts.

25. In accordance with NYMEX Rules, the settlement price of the NYMEX natural gas futures contracts is determined by the volume weighted average of trades executed from 2:00-2:30 p.m. ("closing range") on the last day of trading of such contracts ("expiration day").

26. Defendants intended to create artificial natural gas futures prices by placing large sell orders in the closing range on expiration day.

27. A look-alike swap is an OTC swap that is cash settled based upon the settlement price of a similar exchange-traded futures contract on a specified trading day.

28. On the expiration days in issue, Amaranth held, as compared to its NYMEX futures position, a substantially larger short natural gas financially-settled swaps position, primarily on the IntercontinentalExchange ("ICE").

29. The ICE natural gas swap is a look-alike swap that is financially settled, meaning that upon expiration of the swap the holder will either pay or be paid the difference in the price

paid for the swap and the final settlement price of the swap. In calculating the settlement price for its natural gas swaps, ICE uses the NYMEX settlement price.

30. Defendants sought to lower the prices of the NYMEX natural gas futures contract to benefit Amaranth's larger short natural gas swaps positions on ICE and elsewhere.

**A. Defendants' Attempt to Manipulate Futures Prices on February 24, 2006**

31. On or about February 24, 2006, the expiration day of the March 2006 NYMEX natural gas futures contract, Defendants attempted to manipulate natural gas futures contract prices by obtaining a large long futures contract position in order to sell those contracts in the closing range.

32. On February 23, 2006, Defendant Hunter told Amaranth natural gas trader Matthew Donohoe ("Donohoe") "make sure we have lots of futures to sell MoC [market on close] tomorrow". See instant message attached as Exhibit A document number AALLC\_REG0684056.

33. On or about the start of futures trading on February 24, 2006, Amaranth had a short position of over 1,700 March 2006 natural gas futures contracts.

34. At that time Amaranth operations personnel in Greenwich informed Defendant Hunter and his natural gas traders that they were "short - 1729 Nat Gas Mar 06" futures contracts and to "[p]lease make sure we are flat by the end of the day today." See e-mail attached as Exhibit A document number AALLC\_REG0672597.

35. As part of the Manipulative Scheme, on February 24, 2006 before the start of the closing range, Defendants reversed their natural gas futures positions from being short to being long over 3000 March 2006 contracts.

36. On February 24, 2006 prior to the closing range, Defendant Hunter stated to another Amaranth natural gas trader that he would “just need H [March natural gas futures contract] to get smashed on settle then day is done.” See instant message attached as Exhibit A document number AALLC\_REG0684186.

37. Defendant Hunter has testified that the term “smashed” in the context of futures prices means “if something fell really, really quickly, if the prices fell really, really quickly, you say those prices got smashed.”

38. Less than half an hour before the closing range on February 24, 2006, Defendant Hunter disclosed part of the Manipulative Scheme to a natural gas trader at another firm:

1:31:25 PM EST Brian Hunter: We have 4000 to sell MoC  
 1:31:28 PM EST Brian Hunter: shhhh  
 1:31:36 PM EST gloverb: come on  
 1:31:39 PM EST Brian Hunter: y  
 1:31:43 PM EST gloverb: unless you are huge bearish  
 1:31:49 PM EST gloverb: position  
 1:31:54 PM EST gloverb: why the f would yo do that  
 1:32:16 PM EST Brian Hunter: all from options yestrday  
 1:32:25 PM EST Brian Hunter: so we ll see what the floor has  
 1:32:33 PM EST Brian Hunter: bit of an expiriment [sic] mainly  
 1:32:43 PM EST gloverb: what the f  
 1:32:46 PM EST gloverb: that is huge  
 1:35:34 PM EST Brian Hunter: I think John [Arnold] and Sempra [Energy] are sellers too

See instant message attached as Exhibit A document number AALLC\_REG0684227.

39. A few minutes after the start of the closing range on February 24, 2006, the same natural gas trader asked Defendant Hunter “arent you done” selling your futures. Defendant Hunter, knowing that the Manipulative Scheme was not yet concluded, replied “no...have alot more to sell...waiting until 2:20.” See instant message attached as Exhibit A document number AALLC\_REG0684264.

40. Defendant Hunter and Donohoe congratulated themselves, at about half way through the closing range on February 24, 2006, when Defendant Hunter stated to Donohoe “today came together quite nicely” and Donohoe later replied:

2:30:21 PM EST Matthew Donohoe: h [March contract] will settle lower  
2:30:47 PM EST Matthew Donohoe: and h/j wider  
2:31:30 PM EST Matthew Donohoe: nice  
2:31:37 PM EST Brian Hunter: I am flexing here  
2:31:40 PM EST Matthew Donohoe: looking preety [sic] bang on  
2:31:50 PM EST Matthew Donohoe: we already mimiced  
2:31:53 PM EST Matthew Donohoe: lol  
2:31:58 PM EST Matthew Donohoe: rrrrrrrrrrrrrrrrrrr  
2:32:04 PM EST Brian Hunter: hahahahaha  
2:32:23 PM EST Matthew Donohoe: 2nd best...sept/oct last year still the best  
2:32:27 PM EST Matthew Donohoe: oh yeag [sic]

See instant message attached as Exhibit A document number AALLC REG0704931.

41. On February 24, 2006, during their selling spree on the closing range, Defendants placed orders to sell over 3,000 March NYMEX natural gas futures contracts in an attempt to manipulate the contract price. At that time, Amaranth had a short swaps position of at least 12,000 contracts (futures equivalents), that would benefit from a lower settlement price of the March natural gas futures contract.

42. On or about March 10, 2006 Amaranth Advisors (Calgary) ULC issued a compliance manual that prohibited manipulative and fraudulent trading practices, including engaging in “trading or apparent trading activity for the purpose of artificially causing the price of a commodity to move up or down, and then take advantage of such price movement by buying or selling at such ‘artificial’ price level.”

43. The compliance manual also prohibited engaging in “‘marking the close’ at or near the close of trading for the primary purpose of attempting to change the closing price to protect or alter the value of an existing position or to avoid a margin call, although this



prohibition is not intended to preclude trades at or near the close of trading that have a legitimate business purpose, manage business risk or that otherwise have economic substance.”

**B. Defendants’ Attempt to Manipulate Futures Prices in April 26, 2006**

44. On or about April 26, 2006, the expiration day of the May 2006 NYMEX natural gas futures contract, Defendants attempted to manipulate natural gas futures contract prices by obtaining a large long futures contract position in order to sell a large number of offsetting contracts using three large orders that were placed near the end of the closing range.

45. On or about April 21, 2006, Amaranth reversed its futures position by acquiring futures contracts, such that for the first time in the month they were long May NYMEX natural gas futures contracts.

46. From then, until April 26, 2006 the Defendants continued to build their long futures position, such that by the time of the closing range they were long in excess of 3,000 May 2006 natural gas futures contracts.

47. Going into the closing range on April 26, 2006, Amaranth also had a short May swap position of over 19,000 contracts (futures equivalents).

48. Defendant Hunter was concerned that Centaurus Advisors LLC, another hedge fund, was going to be a large buyer of natural gas futures in the closing range and that this would affect the settlement price of the May 2006 NYMEX natural gas futures contract, which in turn would adversely affect Amaranth’s short swaps positions.

49. Beginning at 12:45 pm on April 26, 2006, Hunter had an instant message conversation with David Chasman (“Chasman”), the energy risk manager at Amaranth, where he discussed what he thought Arnold planned to do and why:

12:48:48 pm Brian Hunter: FYI Arnold is getting scary short into the [Energy Information Agency gas storage] number tomorrow

...

12:50:26 pm David Chasman: what u think arnold has?

12:50:28 pm Brian Hunter: we are rolling size into may

12:50:42 pm Brian Hunter: and I am worrie[d] that Anold [sic] has taken the other side of everything

12:51:00 pm Brian Hunter: so either he runs it up on the close today and gets short tomorrow

12:51:08 pm Brian Hunter: or has a HUGE view on the number tomorrow

...

12:53:03 pm David Chasman: other side of everything meaning buying from everyone else selling – or buying from [you]

12:53:17 pm Brian Hunter: no buying may and selling June...with me

12:54:36 pm David Chasman: does he know what [you are] up [to] [with respect to] rolling off length?... sorry rolling off short

12:55:16 pm Brian Hunter: probably

...

12:55:29 pm Brian Hunter: I think its more that he thinks its going to get [f...d] tomorrow

...

12:55:47 pm Brian Hunter: me may try to help it by running the market up on the close

...

12:56:10 pm David Chasman: kinda hard to do when [you are] selling – no?

12:56:39 pm Brian Hunter: Arnold is the master of moving theclose?

See instant message attached as Exhibit A document number A\_CFTC032874.

50. Defendant Hunter expressed a similar sentiment to an outside trader in an instant message wherein Hunter wrote “I think John [Arnold] wants to bid it on close.” See instant message attached as Exhibit A document number AALLC\_REG0593127.

51. To affect the price for the May 2006 NYMEX natural gas futures contract, Defendants intentionally waited to sell their May 2006 NYMEX natural gas futures contracts.

52. At the beginning of the closing range on April 26, 2006, Defendant Hunter stated to an Amaranth risk manager that he is seeing many buyers but he (Defendant Hunter) has “yet to sell.” See instant message attached as Exhibit A document number A\_CFTC032878.

53. Also early in the closing range on April 26, 2006, Defendant Hunter stated to an Amaranth trader, Matthew Calhoun “we are wa[i]ting to sell.” See instant message attached as Exhibit A document number A\_CFTC032910.

54. Defendant Hunter knew that his selling would mute the effect of the buyers, whose purchases would tend to exert upward price pressure.

55. At about the middle of the close on April 26, 2006, Defendants placed their first order to sell 500 May 2006 NYMEX natural gas futures contracts with instructions to hold execution of the order until the last eight minutes of the closing range, as part of the Manipulative Scheme.

56. The order ticket for that order indicates the instruction to wait to execute the order until the last eight minutes of the closing range:

**TFS ENERGY FUTURES, LLC**

**BUY**

APR 26 2006 15:05:06  
 135.967  
 1.72

**SELL**

500

LAST  
 8  
 minutes

Phone clerk notation

K

MOC

		ACCOUNT
IB		

57. Around the same time on April 26, 2006, Defendants placed another order to sell 544 May 2006 NYMEX natural gas futures contracts with instructions to hold execution of the order until the last eight minutes of the closing range, as part of the Manipulative Scheme.

58. The order ticket for that order indicates the instruction to wait to execute the order until the last eight minutes of the closing range:

**GOTHAM** 160136

**BUY** 1430:40...1711...

165-M-196  
190-M-197  
189-M-198

**SELL** 1430:30...1711...

18-7250  
15-7180  
15-7210  
20-7180  
15-7150  
20-7180  
10-7082  
15-7050  
15-7010  
115-7000

Phone clerk notation

MKT  
LAST  
8 MINS

MXR

59. At about 2:22 p.m. on April 26, 2006, with only eight minutes left in the closing range, Defendants placed a third order to sell 2,000 May 2006 NYMEX natural gas futures contracts. This final order represents two-thirds of the position Amaranth held going into the closing range.

60. The order ticket for the 2,000 lot order, with an indication that 1,675 of those lots were executed during the close, appears below:

ORDER	CODE
Buy	AB
	1675
	2000K
	Sell

---

PRICE

---

26AP06 151357 ..2928..

543-7000 (543)

602-7050

265-7100

520-7150

50-7170

26AP06 142201 ..2928..

### ALX ENERGY, INC.

61. The 2,000 lot order was so large, and came so late in the closing range, that the broker was not able to execute the entire order during the closing range.

#### C. The Cover-up

62. On or about August 2, 2006, in furtherance of their official duties under the Act, the NYMEX Compliance Department sent a letter to Amaranth inquiring about Amaranth's trading of May 2006 NYMEX natural gas futures contracts on April 26, 2006 (the "August 2 Letter"). The August 2 Letter is attached as Exhibit B.

63. In the August 2 Letter the NYMEX Compliance Department informed Amaranth that it had commenced an investigation to review Amaranth's natural gas trading activity on April 26, 2006.

64. Specifically, NYMEX's August 2 Letter stated that a heavy concentration of Amaranth's trading of May 2006 NYMEX natural gas futures contracts occurred in the final minutes prior to the termination of trading in the contract, and that Amaranth sold 99% of its contracts in the final four minutes of the closing range and 78% of its contracts in the final minute of the closing range.

65. In the August 2 Letter, NYMEX requested that Amaranth review its May 2006 NYMEX natural gas futures trading activity for April 26, 2006 and provide a written explanation of the commercial need and justification for its trading.

66. Knowing, therefore, that NYMEX was investigating whether it had engaged in banging the closing range, and that the Manipulative Scheme would unravel if the true account of its trading activity was disclosed, in response to the NYMEX inquiry Amaranth submitted a letter to cover-up what actually occurred. In that letter Amaranth willfully falsified, concealed, or covered up by trick, scheme or artifice a material fact and/or made false, fictitious, or fraudulent statements or representations in describing its April 26, 2006 trading.

67. On or about August 15, 2006, Amaranth sent a letter to NYMEX (the "August 15 Letter") in response to NYMEX's August 2 Letter. The August 15 Letter is attached as Exhibit C.

68. The August 15 Letter contains a number of false and misleading statements, including the manner in which Amaranth described its positions and trading strategy, deliberately concealing from NYMEX that Amaranth had given specific instructions to its floor

brokers on April 26, 2006 as to when Amaranth's sales orders should be executed, claiming that it did not decide to sell its March natural gas futures contracts outright until 2:17 p.m. or later, and claiming that to the extent any part of Amaranth's orders was executed in the post-close trading session it was not due to Amaranth's instructions but perhaps occurred because a floor broker erroneously failed to comply with Amaranth's directive to complete the execution of its orders during the closing range.

**V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT**

**COUNT 1:**

**ATTEMPTED MANIPULATION OF THE PRICE OF  
NATURAL GAS FUTURES**

69. Paragraphs 1 through 68 are re-alleged and incorporated herein by reference.

70. Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2), make it unlawful for any person to attempt to manipulate the price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity, including any contract market.

71. Defendants intended to affect the price of natural gas futures in 2006, including on or about February 24 and April 26, 2006.

72. Defendants engaged in overt actions in furtherance of their intent to affect the price of natural gas futures in 2006, including on or about February 24 and April 26, 2006.

73. By their conduct, Defendants Amaranth Advisors L.L.C., Amaranth Advisors (Calgary) ULC, and Hunter each violated Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2).



74. Each and every overt action in furtherance of the intent to affect the price of natural gas futures contracts, coupled with that intent, including but not limited to every purchase, sale, bid, offer, telephone call, e-mail and instant message, is alleged herein as separate and distinct violation of Sections 6(c), 6(d) and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2).

75. Amaranth Advisors L.L.C. and Amaranth Advisors (Calgary) ULC are also liable for violating Sections 6(c), 6(d) and 9(a)(2) of the Act pursuant to Section 2(a)(1)(B) of the Act, by virtue of the acts of its official, agent or other person acting within the scope of his employment or office, including Defendant Hunter.

## **COUNT 2**

### **THE COVER-UP**

76. Paragraphs 1 through 75 are re-alleged and incorporated herein by reference.

77. Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4), makes it unlawful for any person willfully to falsify, conceal, or cover up by any trick, scheme, or artifice a material fact, make any false, fictitious, or fraudulent statements or representations, or make or use any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry to a registered entity, board of trade, or futures association designated or registered under the Act acting in furtherance of its official duties under the Act.

78. NYMEX is a board of trade as defined by Section 1a(2) of the Act, 7 U.S.C. § 1a(2).

79. NYMEX was acting in furtherance of its official duties under the Act in reviewing Amaranth's natural gas trading activity.

80. On or about August 15, 2006, Amaranth Advisors, L.L.C. made material misrepresentations to NYMEX by, among other things, the manner in which it described its positions and trading strategy, deliberately concealing from NYMEX that Amaranth had given specific instructions to its floor brokers on April 26, 2006 as to when Amaranth's sales orders should be executed, and claiming that it did not decide to sell its March natural gas futures contracts outright until 2:17 p.m. or later.

81. By its conduct Defendant Amaranth Advisors, L.L.C. violated Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4).

82. Each and every instance of such conduct by Amaranth Advisors L.L.C. is alleged herein as separate and distinct violation of Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4).

83. Amaranth Advisors L.L.C. is also liable for violating Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4), pursuant to Section 2(a)(1)(B) of the Act, by virtue of the acts of its official, agent or other person acting within the scope of his employment or office, including Defendant Hunter.

## **VI. RELIEF REQUESTED**

WHEREFORE, Plaintiff respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to its own equitable powers

- A. Find Defendants liable for violating Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2);
- B. Find Amaranth Advisors L.L.C. further liable for violating Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4);
- C. Enter an order of permanent injunction restraining and enjoining Defendants and any of their affiliates, agents, servants, employees, successors, assigns, attorneys and persons in

active concert with them who receive actual notice of such order by personal service or otherwise, from directly or indirectly violating Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2);

D. Enter an order of permanent injunction further restraining and enjoining Amaranth Advisors L.L.C. and any of its affiliates, agents, servants, employees, successors, assigns, attorneys and persons in active concert with them who receive actual notice of such order by personal service or otherwise, from directly or indirectly violating Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4)

E. Enter an order of permanent injunction prohibiting Defendants and any of their affiliates, agents, servants, employees, successors, assigns, attorneys and persons in active concert with them who receive actual notice of such order by personal service or otherwise, from:

1. trading on or subject to the rules of any registered entity, as that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29) (2002);
2. engaging in, controlling or directing the trading for any commodity interest account for or on behalf of any other person or entity, whether by power of attorney or otherwise;
3. soliciting or accepting any funds from any person in connection with the purchase or sale of any commodity interest;
4. applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R. § 4.14(a)(9) (2006), or acting as a principal, agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission, except as provided for in Regulation 4.14 (a)(9), 17 C.F.R. § 4.14(a)(9) (2006);
5. entering into any commodity interest transactions for their own personal accounts, for any account in which they have a direct or indirect interest and/or having any commodity interests traded on their behalf; and/or
6. engaging in any business activities related to commodity interest trading;

F. Enter an order directing Defendants to pay civil monetary penalties, to be assessed by the Court, in an amount not to exceed \$130,000 or triple the monetary gain to them for each violation of the Act, as described herein;

G. Enter an order providing for such other and further equitable and ancillary relief as this Court may deem necessary and appropriate, including but not limited to restitution and disgorgement of ill-gotten gains and damages; and

H. Enter an order requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2).

## VII. DEMAND FOR JURY TRIAL


Plaintiff hereby demands a jury trial.

Dated: July 25, 2007  
New York, New York

Respectfully submitted,  
ATTORNEYS FOR PLAINTIFF  
U.S. COMMODITY FUTURES TRADING  
COMMISSION

Gregory G. Mocek  
Director, Division of Enforcement

Vincent A. McGonagle  
Senior Deputy Director  
Division of Enforcement  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581  
(202) 418-5387  
(202) 418-5519 (facsimile)  
vmcgonagle@cftc.gov



---

Stephen J. Obie  
Regional Counsel and Associate Director  
David W. MacGregor  
Chief Trial Attorney  
Manal Sultan  
Chief Trial Attorney  
Commodity Futures Trading Commission  
140 Broadway, 19<sup>th</sup> Floor  
New York, NY 10005  
(646) 746-9766  
(646) 746-9940 (facsimile)  
sobie@cftc.gov

# EXHIBIT A

From: windowsadmin@amaranthllc.com  
 Sent: Thursday, February 23, 2006 3:13 PM  
 To: amaranth.dom@amaranth.digitalsafe.net  
 Subject: SUBJECT: CONVERSATION PARTICIPANTS = BHUNTER@AMARANTHLLC.COM;  
 MDONOHOE@AMARANTHLLC.COM

IM Network: AOL IM

IM Users:

participant=bhunter@amaranthllc.com "hunteramaranth"  
 participant=mdonohoe@amaranthllc.com "mjt donohoe"

IM Dialog:

Thursday, February 23, 2006 3:13:29 PM EST Matthew Donohoe started conversation.  
 Thursday, February 23, 2006 3:13:29 PM EST Brian Hunter has entered the conversation.  
 Thursday, February 23, 2006 3:13:29 PM EST Matthew Donohoe: i think that was mother rock  
 Thursday, February 23, 2006 3:13:38 PM EST Matthew Donohoe: they were buying all the pen  
 last Thursday, February 23, 2006 3:16:23 PM EST Brian Hunter: vol Thursday, February 23,  
 2006 3:16:24 PM EST Brian Hunter: 78.50%51.00%50.00%48.75%48.25%48.50%48.75%48.75%48.50%  
 48.50%50.50%50.50%50.50%35.25%34.25%34.25%34.75%34.75%34.75%36.00%38.45%39.50%40.00%40.50%  
 41.70%30.00%29.00%29.00%29.50%29.75%30.00%30.50%31.50%32.00%33.00%33.25%35.00%27.50%27.00%  
 27.00%27.00%27.00%27.00%27.50%28.00%28.50%  
 Thursday, February 23, 2006 3:16:27 PM EST Brian Hunter: big changes Thursday, February  
 23, 2006 3:16:35 PM EST Brian Hunter: don't forget Cathy's marks Thursday, February 23,  
 2006 3:16:46 PM EST Matthew Donohoe: got them Thursday, February 23, 2006 3:17:13 PM EST  
 Matthew Donohoe: 13 m hit Thursday, February 23, 2006 3:17:25 PM EST Matthew Donohoe: down  
 11.5 m Thursday, February 23, 2006 3:17:31 PM EST Matthew Donohoe: total Thursday,  
 February 23, 2006 3:18:25 PM EST Brian Hunter: I gave you new curve Thursday, February 23,  
 2006 3:18:32 PM EST Brian Hunter:  
 7.3007.4307.5967.7317.8647.9448.0158.1109.12710.13410.79910.82610.6048.7548.5548.6248.7098  
 .7798.7898.8599.46410.02910.41410.39410.2048.1998.0098.0798.1378.2028.2098.2698.8429.4179.  
 8429.8329.6407.6257.4207.4907.5557.6157.6257.6858.3008.8909.3359.3309.1357.1556.9957.0407.  
 0907.1407.1257.1757.7458.3158.8958.8858.7107.3207.1007.1807.2057.2457.2307.2707.7408.160  
 Thursday, February 23, 2006 3:20:53 PM EST Matthew Donohoe: yeah got that Thursday,  
 February 23, 2006 3:20:59 PM EST Matthew Donohoe: price makes 9m Thursday, February 23,  
 2006 3:21:19 PM EST Matthew Donohoe: vol losses 20 Thursday, February 23, 2006 3:21:43 PM  
 EST Brian Hunter: we'll make back alittle off Cathy's optoins Thursday, February 23, 2006  
 3:21:57 PM EST Brian Hunter: also I want you to mark the put skew in Cal9 puts Thursday,  
 February 23, 2006 3:22:05 PM EST Matthew Donohoe: sure Thursday, February 23, 2006 3:22:11  
 PM EST Brian Hunter: 2.5-5.5-ve -,06 cents Thursday, February 23, 2006 3:22:29 PM EST  
 Matthew Donohoe: neg skes Thursday, February 23, 2006 3:22:42 PM EST Brian Hunter: y  
 Thursday, February 23, 2006 3:22:50 PM EST Brian Hunter: 2.20 to 5.00 out of the money  
 strike Thursday, February 23, 2006 3:22:54 PM EST Brian Hunter: 6 cents nevatve Thursday,  
 February 23, 2006 3:22:57 PM EST Matthew Donohoe: got it Thursday, February 23, 2006  
 3:22:58 PM EST Brian Hunter: they are 4 cents right now Thursday, February 23, 2006  
 3:23:08 PM EST Brian Hunter: Cath'y trades will amke mack 6mm Thursday, February 23, 2006  
 3:23:16 PM EST Brian Hunter: and skew another 2mm Thursday, February 23, 2006 3:23:57 PM  
 EST Matthew Donohoe: we will loss 4m on adjust to csc Thursday, February 23, 2006 3:23:59  
 PM EST Matthew Donohoe: right Thursday, February 23, 2006 3:26:38 PM EST Matthew Donohoe:  
 rallying here Thursday, February 23, 2006 3:26:44 PM EST Matthew Donohoe: 35 bid h  
 Thursday, February 23, 2006 3:30:19 PM EST Brian Hunter: new curve Thursday, February 23,  
 2006 3:30:23 PM EST Brian Hunter:  
 7.4587.5437.7037.8437.9738.0538.1238.2189.22810.20810.86810.86810.6688.8188.6088.6688.7388  
 .7988.8188.8939.49810.06810.49110.49110.3218.2218.0368.0868.1468.2018.2268.2918.8569.4169.  
 8799.8699.6697.6097.4047.4747.5397.5947.6197.6898.2848.8649.3049.2949.1047.1046.926.9657.0  
 187.0647.0747.1447.7248.3048.8958.8858.7107.3207.1007.1807.2057.2457.2307.2707.7408.160  
 Thursday, February 23, 2006 3:39:48 PM EST Brian Hunter: PBN trading 13.5 for size H.J

1

Thursday, February 23, 2006 3:39:58 PM EST Brian Hunter: make sure we have lots of futures to sell MoC tomorrow



From: Michael Malach [mmalach@amaranthllc.com]  
Sent: Friday, February 24, 2006 10:23 AM  
To: Matthew Calhoun; Matthew Donohoe; Brian Hunter; Brad Basarowich; Peter Geary; Alex Villamil;  
Adam Glassman  
Cc: Energy Operations  
Subject: Book2.xls

Attachments: Book2.xls

<<Book2.xls>>

Please see the above concerning our position which agrees with JPMU of short -1729 Nat Gas Mar 06 (NGH6).

Please make sure we are flat by the end of the day today.

Thanks,

Mike

From: windowsadmin@amaranthllc.com  
 Sent: Friday, February 24, 2006 12:10 PM  
 To: amaranth.dom@amaranth.digitalsafe.net  
 Subject: SUBJECT: CONVERSATION PARTICIPANTS = MCALHOUN@AMARANTHLLC.COM;  
 BHUNTER@AMARANTHLLC.COM

IM Network: AOL IM

IM Users:

participant=mcalthoun@amaranthllc.com "callification"  
 participant=bhunter@amaranthllc.com "hunteramaranth"

IM Dialog:

Friday, February 24, 2006 12:10:16 PM EST Matthew Calhoun started conversation.  
 Friday, February 24, 2006 12:10:16 PM EST Brian Hunter has entered the conversation.  
 Friday, February 24, 2006 12:10:16 PM EST Matthew Calhoun: very much so Friday, February 24, 2006 12:10:16 PM EST Matthew Calhoun: very much so Friday, February 24, 2006 12:14:43 PM EST Brian Hunter: jv/xh seems very big Friday, February 24, 2006 12:14:43 PM EST Brian Hunter: jv/xh seems very big Friday, February 24, 2006 12:14:45 PM EST Brian Hunter: jv7 is strong Friday, February 24, 2006 12:14:45 PM EST Brian Hunter: jv7 is strong Friday, February 24, 2006 12:15:10 PM EST Matthew Calhoun: yeah, not many sellers out there Friday, February 24, 2006 12:15:10 PM EST Matthew Calhoun: yeah, not many sellers out there Friday, February 24, 2006 12:15:41 PM EST Brian Hunter: that's pushing up the summer winter Friday, February 24, 2006 12:15:41 PM EST Brian Hunter: that's pushing up the summer winter Friday, February 24, 2006 12:15:47 PM EST Brian Hunter: and 7/10 Friday, February 24, 2006 12:15:47 PM EST Brian Hunter: and 7/10 Friday, February 24, 2006 12:15:52 PM EST Brian Hunter: hello...  
 Friday, February 24, 2006 12:15:52 PM EST Brian Hunter: hello...  
 Friday, February 24, 2006 12:15:57 PM EST Brian Hunter: sweet Friday, February 24, 2006 12:15:59 PM EST Matthew Calhoun: lol Friday, February 24, 2006 12:16:00 PM EST Matthew Calhoun: lol Friday, February 24, 2006 12:16:06 PM EST Matthew Calhoun: pain everywhere Friday, February 24, 2006 12:16:06 PM EST Matthew Calhoun: pain everywhere Friday, February 24, 2006 12:16:28 PM EST Brian Hunter: just need H to get smashed on settle Friday, February 24, 2006 12:16:28 PM EST Brian Hunter: just need H to get smashed on settle Friday, February 24, 2006 12:16:31 PM EST Brian Hunter: then day is done Friday, February 24, 2006 12:16:31 PM EST Brian Hunter: then day is done Friday, February 24, 2006 12:16:43 PM EST Matthew Calhoun: OI is huge for Friday, February 24, 2006 12:16:43 PM EST Matthew Calhoun: OI is huge for Friday, February 24, 2006 12:16:45 PM EST Matthew Calhoun: ld Friday, February 24, 2006 12:16:48 PM EST Matthew Calhoun: 33k Friday, February 24, 2006 12:16:48 PM EST Matthew Calhoun: 33k Friday, February 24, 2006 12:17:48 PM EST Matthew Calhoun: you think cl holds these gains? Friday, February 24, 2006 12:17:48 PM EST Matthew Calhoun: you think cl holds these gains? Friday, February 24, 2006 12:25:54 PM EST Brian Hunter: yeah Friday, February 24, 2006 12:25:54 PM EST Brian Hunter: yeah Friday, February 24, 2006 12:25:59 PM EST Brian Hunter: premium stays big Friday, February 24, 2006 12:25:59 PM EST Brian Hunter: premium stays big Friday, February 24, 2006 12:27:06 PM EST Matthew Calhoun: great day for that spread so far Friday, February 24, 2006 12:27:06 PM EST Matthew Calhoun: great day for that spread so far Friday, February 24, 2006 12:29:32 PM EST Brian Hunter: eayh Friday, February 24, 2006 12:29:32 PM EST Brian Hunter: eayh Friday, February 24, 2006 12:29:39 PM EST Brian Hunter: unwinding jv/xh here is good for us...  
 Friday, February 24, 2006 12:29:39 PM EST Brian Hunter: unwinding jv/xh here is good for us...  
 Friday, February 24, 2006 12:31:29 PM EST Matthew Calhoun: definitely Friday, February 24, 2006 12:31:29 PM EST Matthew Calhoun: definitely Friday, February 24, 2006 12:33:23 PM EST Matthew Calhoun: u still have jv7 to sell to me?  
 Friday, February 24, 2006 12:33:23 PM EST Matthew Calhoun: u still have jv7 to sell to me?

Friday, February 24, 2006 12:34:13 PM EST Brian Hunter: y Friday, February 24, 2006  
12:34:13 PM EST Brian Hunter: y Friday, February 24, 2006 12:37:09 PM EST Matthew Calhoun:  
ccol Friday, February 24, 2006 12:37:09 PM EST Matthew Calhoun: ccol

---

**From:** windowsadmin@amaranthllc.com  
**Sent:** Friday, February 24, 2006 1:30 PM  
**To:** amaranth.dom@amaranth.digitalsafe.net  
**Subject:** SUBJECT: CONVERSATION PARTICIPANTS = "GLOVERB"; "HUNTER\_AMARANTH"

IM Network: Yahoo IM

IM Users:

participant="gloverb"  
 participant="hunter\_amaranth"

IM Dialog:

Friday, February 24, 2006 1:30:02 PM EST gloverb started conversation.  
 Friday, February 24, 2006 1:30:02 PM EST Brian Hunter has entered the conversation.  
 Friday, February 24, 2006 1:30:02 PM EST gloverb: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Friday, February 24, 2006 1:30:02 PM EST Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Friday, February 24, 2006 1:30:02 PM EST gloverb: you still t hink down Friday, February 24, 2006 1:30:49 PM EST Brian Hunter: Sandy and RBI bidding the H Friday, February 24, 2006 1:30:51 PM EST Brian Hunter: nothing trading Friday, February 24, 2006 1:30:56 PM EST Brian Hunter: I wonder what will hapen Friday, February 24, 2006 1:31:05 PM EST Brian Hunter: lots of EFS went through Friday, February 24, 2006 1:31:07 PM EST Brian Hunter: OI down alot Friday, February 24, 2006 1:31:09 PM EST gloverb: all i am told Friday, February 24, 2006 1:31:15 PM EST gloverb: is it is going to rally hard Friday, February 24, 2006 1:31:21 PM EST gloverb: but guys running on floor Friday, February 24, 2006 1:31:22 PM EST gloverb: lol Friday, February 24, 2006 1:31:25 PM EST Brian Hunter: We have 4000 to sell MoC Friday, February 24, 2006 1:31:28 PM EST Brian Hunter: shhhh Friday, February 24, 2006 1:31:36 PM EST gloverb: come on Friday, February 24, 2006 1:31:39 PM EST Brian Hunter: y Friday, February 24, 2006 1:31:43 PM EST gloverb: unless you are huge bearish Friday, February 24, 2006 1:31:49 PM EST gloverb: position Friday, February 24, 2006 1:31:54 PM EST gloverb: why the f would yo do that Friday, February 24, 2006 1:32:16 PM EST Brian Hunter: all from options yestrday Friday, February 24, 2006 1:32:25 PM EST Brian Hunter: so we'll see what the floor has Friday, February 24, 2006 1:32:33 PM EST Brian Hunter: bit of an expiriment mainly Friday, February 24, 2006 1:32:43 PM EST gloverb: what the f Friday, February 24, 2006 1:32:46 PM EST gloverb: that is huge Friday, February 24, 2006 1:35:34 PM EST Brian Hunter: I think John and Semptra are sellers too

From: windowsadmin@amaranthllc.com  
 Sent: Friday, February 24, 2006 2:11 PM  
 To: amaranth.dom@amaranth.digitalsafe.net  
 Subject: SUBJECT: CONVERSATION PARTICIPANTS = "GLOVERB";  
 BHUNTER@AMARANTHLLC.COM

IM Network: Yahoo IM

IM Users:

participant="gloverb"  
 participant=bhunter@amaranthllc.com "hunter\_amaranth"

IM Dialog:

Friday, February 24, 2006 2:10:53 PM EST gloverb started conversation.  
 Friday, February 24, 2006 2:10:53 PM EST Brian Hunter has entered the conversation.  
 Friday, February 24, 2006 2:10:53 PM EST gloverb: arent you done Friday, February 24, 2006  
 2:11:31 PM EST Brian Hunter: no Friday, February 24, 2006 2:11:35 PM EST Brian Hunter:  
 have alot more to sell Friday, February 24, 2006 2:11:46 PM EST Brian Hunter: waiting until  
 2:20 Friday, February 24, 2006 2:26:42 PM EST gloverb: well Friday, February 24, 2006  
 2:26:46 PM EST Brian Hunter: did you hear Merrill bought 10k 8.00 calls?  
 Friday, February 24, 2006 2:26:52 PM EST Brian Hunter: for today?  
 Friday, February 24, 2006 2:26:53 PM EST Brian Hunter: wow Friday, February 24, 2006  
 2:26:55 PM EST Brian Hunter: yeah Friday, February 24, 2006 2:26:59 PM EST Brian Hunter:  
 tat wored out nicely Friday, february 24, 2006 2:27:00 PM EST gloverb: really Friday,  
 February 24, 2006 2:27:05 PM EST gloverb: wow Friday, February 24, 2006 2:27:23 PM EST  
 gloverb: for 3 cent Friday, February 24, 2006 2:28:32 PM EST Brian Hunter: yeah Friday,  
 February 24, 2006 2:28:35 PM EST Brian Hunter: 3mm Friday, February 24, 2006 2:28:39 PM  
 EST Brian Hunter: a bit risky...  
 Friday, February 24, 2006 2:28:46 PM EST Brian Hunter: to miss it by 1.00 Friday, February  
 24, 2006 2:29:54 PM EST gloverb: higher or lower after please Friday, February 24, 2006  
 2:30:25 PM EST Brian Hunter: higer Friday, February 24, 2006 2:30:40 PM EST Brian Hunter:  
 but will scares techies a little Friday, February 24, 2006 2:30:46 PM EST Brian Hunter:  
 depends on CL and weather Morday Friday, February 24, 2006 2:30:46 PM EST gloverb: i think  
 lower Friday, February 24, 2006 2:30:48 PM EST gloverb: initially Friday, February 24, 2006  
 2:30:53 PM EST Brian Hunter: but calls are going to be bid Friday, February 24, 2006 2:30:53  
 PM EST gloverb: i mean today Friday, February 24, 2006 2:30:54 PM EST Brian Hunter: with  
 CL here Friday, February 24, 2006 2:31:17 PM EST Brian Hunter: front will go up unless  
 vix starts to widen Friday, February 24, 2006 2:31:25 PM EST Brian Hunter: noly Friday,  
 February 24, 2006 2:31:24 PM EST Brian Hunter: swa 105 bid vix on the floor

From: windowsadmin@amaranthllc.com  
 Sent: Friday, February 24, 2006 2:14 PM  
 To: amaranth.dom@amaranth.digitalsafe.net  
 Subject: SUBJECT: CONVERSATION PARTICIPANTS = BHUNTER@AMARANTHLLC.COM;  
 MDONOHOE@AMARANTHLLC.COM

X-ZANTAZ-MESSAGE-DATE: 02/24/2006 19:13:31; 02/24/2006 19:15:11; 02/24/2006 19:15:31;  
 02/24/2006 19:15:38; 02/24/2006 19:15:47; 02/24/2006 19:15:51; 02/24/2006 19:16:03;  
 02/24/2006 19:16:34; 02/24/2006 19:16:39; 02/24/2006 19:16:47; 02/24/2006 19:16:52;  
 02/24/2006 19:16:53; 02/24/2006 19:16:55; 02/24/2006 19:16:59; 02/24/2006 19:17:01;  
 02/24/2006 19:17:04; 02/24/2006 19:17:12; 02/24/2006 19:17:28; 02/24/2006 19:17:33;  
 02/24/2006 19:18:09; 02/24/2006 19:18:19; 02/24/2006 19:18:21; 02/24/2006 19:18:25;  
 02/24/2006 19:18:27; 02/24/2006 19:18:30; 02/24/2006 19:24:06; 02/24/2006 19:24:13;  
 02/24/2006 19:24:17; 02/24/2006 19:24:26; 02/24/2006 19:24:29; 02/24/2006 19:25:04;  
 02/24/2006 19:27:50; 02/24/2006 19:27:58; 02/24/2006 19:27:59; 02/24/2006 19:30:04;  
 02/24/2006 19:30:07; 02/24/2006 19:30:14; 02/24/2006 19:30:21; 02/24/2006 19:30:47;  
 02/24/2006 19:31:30; 02/24/2006 19:31:37; 02/24/2006 19:31:40; 02/24/2006 19:31:50;  
 02/24/2006 19:31:53; 02/24/2006 19:31:58; 02/24/2006 19:32:04; !  
 02/24/2006 19:32:23; 02/24/2006 19:32:27; 02/24/2006 19:32:34; 02/24/2006 19:32:39;  
 02/24/2006 19:32:52; 02/24/2006 19:32:59; 02/24/2006 19:33:34; 02/24/2006 19:33:40;  
 02/24/2006 19:33:43; 02/24/2006 19:34:52; 02/24/2006 19:34:58; 02/24/2006 19:35:14;  
 02/24/2006 19:35:18; 02/24/2006 19:35:21; 02/24/2006 19:37:54; 02/24/2006 19:38:16;  
 02/24/2006 19:38:18; 02/24/2006 19:38:21; 02/24/2006 19:38:24; 02/24/2006 19:38:38;  
 02/24/2006 19:38:41; 02/24/2006 19:38:44; 02/24/2006 19:38:45  
 X-ZANTAZ-PARTICIPANT-IMNAMES: hunteramaranth; mjtndonohoe  
 X-ZANTAZ-RECIPIENT-NAME: Brian Hunter; Matthew Donohoe  
 X-ZANTAZ-PARTICIPANT-IMNAMES: mjtndonohoe; hunteramaranth  
 X-ZANTAZ-SENDER-NAME: Matthew Donohoe; Brian Hunter  
 X-ZANTAZ-GUID: E192C6A0-9B22-4C5E-A02C-0BB848C06F355951645696632703  
 X-ZANTAZ-URL: notused  
 X-OriginalArrivalTime: 24 Feb 2006 19:40:21.0839 (UTC) FILETIME={2652C5F0:01C6397A}

IM Network: AOL IM

IM Users:

participant=bhunter@amaranthllc.com "hunteramaranth"  
 participant=mdonohoe@amaranthllc.com "mjtndonohoe"

IM Dialog:

Friday, February 24, 2006 2:13:31 PM EST Matthew Donohoe started conversation.  
 Friday, February 24, 2006 2:13:31 PM EST Brian Hunter has entered the conversation.  
 Friday, February 24, 2006 2:13:31 PM EST Matthew Donohoe: 22 h/j Friday, February 24, 2006  
 2:13:31 PM EST Brian Hunter: IM Administrator: NOTE: This session is recorded and the  
 recording is the sole property of Amaranth.  
 Friday, February 24, 2006 2:13:31 PM EST Matthew Donohoe: IM Administrator: NOTE: This  
 session is recorded and the recording is the sole property of Amaranth.  
 Friday, February 24, 2006 2:15:11 PM EST Brian Hunter: 105 bid v/x Friday, February 24,  
 2006 2:15:31 PM EST Brian Hunter: nice Friday, February 24, 2006 2:15:38 PM EST Brian  
 Hunter: today came together quite nicely..  
 Friday, February 24, 2006 2:15:47 PM EST Brian Hunter: you can sell Maatt the jv7 Friday,  
 February 24, 2006 2:15:51 PM EST Brian Hunter: if you haven't done so Friday, February 24,  
 2006 2:16:03 PM EST Matthew Donohoe: done Friday, February 24, 2006 2:16:34 PM EST Brian  
 Hunter: we'll hit the rest near the end of this Friday, February 24, 2006 2:16:39 PM EST  
 Matthew Donohoe: what is fair for calhoun Friday, February 24, 2006 2:16:47 PM EST Matthew  
 Donohoe: y Friday, February 24, 2006 2:16:52 PM EST Brian Hunter: 65 Friday, February 24,  
 2006 2:16:53 PM EST Matthew Donohoe: i have h/j to roll Friday, February 24, 2006 2:16:55  
 PM EST Matthew Donohoe: 450 Friday, February 24, 2006 2:16:55 PM EST Brian Hunter: I am





From: windowsadmin@amaranthllc.com  
 Sent: Wednesday, April 26, 2006 12:45 PM  
 To: amaranth.dom@amaranth.digitalsafe.net  
 Subject: SUBJECT: CONVERSATION PARTICIPANTS = DCHASMAN@AMARANTHLLC.COM;  
 BHUNTER@AMARANTHLLC.COM

X-ZANTAZ-MESSAGE-DATE: 04/26/2006 16:44:49; 04/26/2006 16:45:12; 04/26/2006 16:45:45;  
 04/26/2006 16:45:46; 04/26/2006 16:46:29; 04/26/2006 16:47:28; 04/26/2006 16:47:29;  
 04/26/2006 16:48:03; 04/26/2006 16:48:02; 04/26/2006 16:48:04; 04/26/2006 16:48:05;  
 04/26/2006 16:48:20; 04/26/2006 16:48:30; 04/26/2006 16:48:31; 04/26/2006 16:48:48;  
 04/26/2006 16:49:45; 04/26/2006 16:50:04; 04/26/2006 16:50:05; 04/26/2006 16:50:06;  
 04/26/2006 16:50:07; 04/26/2006 16:50:25; 04/26/2006 16:50:26; 04/26/2006 16:50:28;  
 04/26/2006 16:50:29; 04/26/2006 16:50:42; 04/26/2006 16:51:00; 04/26/2006 16:50:59;  
 04/26/2006 16:51:08; 04/26/2006 16:51:07; 04/26/2006 16:51:16; 04/26/2006 16:53:03;  
 04/26/2006 16:53:17; 04/26/2006 16:53:18; 04/26/2006 16:53:19; 04/26/2006 16:54:36;  
 04/26/2006 16:54:49; 04/26/2006 16:55:16; 04/26/2006 16:55:17; 04/26/2006 16:55:23;  
 04/26/2006 16:55:24; 04/26/2006 16:55:29; 04/26/2006 16:55:33; 04/26/2006 16:55:35;  
 04/26/2006 16:55:34; 04/26/2006 16:55:47; 04/26/2006 16:55:48; !  
 04/26/2006 16:55:49; 04/26/2006 16:56:10; 04/26/2006 16:56:39; 04/26/2006 16:56:40;  
 04/26/2006 16:56:41; 04/26/2006 16:57:04; 04/26/2006 16:57:05; 04/26/2006 16:57:10;  
 04/26/2006 16:58:31; 04/26/2006 16:58:32; 04/26/2006 16:59:10; 04/26/2006 16:59:11;  
 04/26/2006 17:02:14; 04/26/2006 17:02:15; 04/26/2006 17:03:01; 04/26/2006 17:03:00  
 X-ZANTAZ-PARTICIPANT-IMNAMES: hunteramaranth; davidchasman2  
 X-ZANTAZ-RECIPIENT-NAME: Brian Hunter; David Chasman  
 X-ZANTAZ-PARTICIPANT-IMNAMES: davidchasman2; hunteramaranth  
 X-ZANTAZ-SENDER-NAME: David Chasman; Brian Hunter  
 X-ZANTAZ-GUID: 2E1C3D4C-3B31-4D85-B3F1-82CEA2A23F1F1113036398851880  
 X-ZANTAZ-URL: notused  
 X-OriginalArrivalTime: 26 Apr 2006 17:11:35.0013 (UTC) FILETIME=[78B7F950:01C66954]

IM Network: AOL IM

IM Users:

participant=dchasman@amaranthllc.com "davidchasman2"  
 participant=bhunter@amaranthllc.com "hunteramaranth"

IM Dialog:

Wednesday, April 26, 2006 12:44:49 PM EDT David Chasman started conversation.  
 Wednesday, April 26, 2006 12:44:49 PM EDT Brian Hunter has entered the conversation.  
 Wednesday, April 26, 2006 12:44:49 PM EDT David Chasman: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Wednesday, April 26, 2006 12:44:49 PM EDT David Chasman: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Wednesday, April 26, 2006 12:44:49 PM EDT Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Wednesday, April 26, 2006 12:44:49 PM EDT Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Wednesday, April 26, 2006 12:44:49 PM EDT David Chasman: hey Wednesday, April 26, 2006 12:44:49 PM EDT David Chasman: hey Wednesday, April 26, 2006 12:45:12 PM EDT Brian Hunter: hey Wednesday, April 26, 2006 12:45:45 PM EDT David Chasman: I'm seeing -40K lots summer rite now Wednesday, April 26, 2006 12:45:46 PM EDT David Chasman: I'm seeing -40K lots summer rite now Wednesday, April 26, 2006 12:46:29 PM EDT Brian Hunter: June puts Wednesday, April 26, 2006 12:46:29 PM EDT Brian Hunter: June puts Wednesday, April 26, 2006 12:47:28 PM EDT David Chasman: what we gonna do to protect the winter position ?  
 Wednesday, April 26, 2006 12:47:29 PM EDT David Chasman: what we gonna do to protect the winter position ?  
 Wednesday, April 26, 2006 12:48:03 PM EDT Brian Hunter: sell cal7 and 8 Wednesday, April



26, 2006 12:48:02 PM EDT Brian Hunter: sell cal7 and 8 Wednesday, April 26, 2006 12:48:04 PM EDT Brian Hunter: and H/J Wednesday, April 26, 2006 12:48:05 PM EDT Brian Hunter: and H/J Wednesday, April 26, 2006 12:48:20 PM EDT David Chasman: how much cal7 u gonna dump ? Wednesday, April 26, 2006 12:48:20 PM EDT David Chasman: how much cal7 u gonna dump ? Wednesday, April 26, 2006 12:48:30 PM EDT Brian Hunter: rest of the week Wednesday, April 26, 2006 12:48:30 PM EDT Brian Hunter: rest of the week Wednesday, April 26, 2006 12:48:31 PM EDT Brian Hunter: 14k Wednesday, April 26, 2006 12:48:31 PM EDT Brian Hunter: 14k Wednesday, April 26, 2006 12:48:48 PM EDT Brian Hunter: FYI Arnold is getting scary short into the number tomorrow Wednesday, April 26, 2006 12:48:48 PM EDT Brian Hunter: FYI Arnold is getting scary short into the number tomorrow Wednesday, April 26, 2006 12:49:45 PM EDT David Chasman: how many june puts we got ? Wednesday, April 26, 2006 12:49:45 PM EDT David Chasman: how many june puts we got ? Wednesday, April 26, 2006 12:50:04 PM EDT Brian Hunter: 14k Wednesday, April 26, 2006 12:50:05 PM EDT Brian Hunter: 14k Wednesday, April 26, 2006 12:50:06 PM EDT Brian Hunter: and adding Wednesday, April 26, 2006 12:50:07 PM EDT Brian Hunter: and adding Wednesday, April 26, 2006 12:50:25 PM EDT David Chasman: what u think arnold has ? Wednesday, April 26, 2006 12:50:26 PM EDT David Chasman: what u think arnold has ? Wednesday, April 26, 2006 12:50:28 PM EDT Brian Hunter: we are rolling size into may Wednesday, April 26, 2006 12:50:29 PM EDT Brian Hunter: we are rolling size into may Wednesday, April 26, 2006 12:50:42 PM EDT Brian Hunter: and I am worries that Anold has taken the other side of everything Wednesday, April 26, 2006 12:50:42 PM EDT Brian Hunter: and I am worries that Anold has taken the other side of everything Wednesday, April 26, 2006 12:51:00 PM EDT Brian Hunter: so either he runs it up on the close today and gets short tomorrow Wednesday, April 26, 2006 12:50:59 PM EDT Brian Hunter: so either he runs it up on the close today and gets short tomorrow Wednesday, April 26, 2006 12:51:08 PM EDT Brian Hunter: or has a HUGE view on the nnumber tomorrow Wednesday, April 26, 2006 12:51:07 PM EDT Brian Hunter: or has a HUGE view on the nnumber tomorrow Wednesday, April 26, 2006 12:51:16 PM EDT Brian Hunter: which we think is goign to be stupid bearish Wednesday, April 26, 2006 12:51:16 PM EDT Brian Hunter: which we think is goign to be stupid bearish Wednesday, April 26, 2006 12:53:03 PM EDT David Chasman: other side of everything meaning buying from everyone else selling - or buying from u Wednesday, April 26, 2006 12:53:03 PM EDT David Chasman: other side of everything meaning buying from everyone else selling - or buying from u Wednesday, April 26, 2006 12:53:17 PM EDT Brian Hunter: no buying may and selling June Wednesday, April 26, 2006 12:53:17 PM EDT Brian Hunter: no buying may and selling June Wednesday, April 26, 2006 12:53:18 PM EDT Brian Hunter: with me Wednesday, April 26, 2006 12:53:19 PM EDT Brian Hunter: with me Wednesday, April 26, 2006 12:54:36 PM EDT David Chasman: does he know what ur up 2 wrt to rolling off length ? Wednesday, April 26, 2006 12:54:36 PM EDT David Chasman: does he know what ur up 2 wrt to rolling off length ? Wednesday, April 26, 2006 12:54:49 PM EDT David Chasman: sorry rolling off short Wednesday, April 26, 2006 12:54:49 PM EDT David Chasman: sorry rolling off short Wednesday, April 26, 2006 12:55:16 PM EDT Brian Hunter: probably Wednesday, April 26, 2006 12:55:17 PM EDT Brian Hunter: probably Wednesday, April 26, 2006 12:55:23 PM EDT David Chasman: anybody selling 1 day calls ? Wednesday, April 26, 2006 12:55:24 PM EDT David Chasman: anybody selling 1 day calls ? Wednesday, April 26, 2006 12:55:29 PM EDT Brian Hunter: I think its more that he thinks its going to get fucked tomorrow Wednesday, April 26, 2006 12:55:29 PM EDT Brian Hunter: I think its more that he thinks its going to get fucked tomorrow Wednesday, April 26, 2006 12:55:33 PM EDT Brian Hunter: that is most lilely Wednesday, April 26, 2006 12:55:35 PM EDT David Chasman: ( other than him ) Wednesday, April 26, 2006 12:55:35 PM EDT David Chasman: ( other than him ) Wednesday, April 26, 2006 12:55:34 PM EDT Brian Hunter: that is most lilely Wednesday, April 26, 2006 12:55:47 PM EDT Brian Hunter: me may try to help it by running the market up on the close Wednesday, April 26, 2006 12:55:47 PM EDT Brian Hunter: me may try to help it by running the market up on the close Wednesday, April 26, 2006 12:55:48 PM EDT David Chasman: well, we'll find out Wednesday, April 26, 2006 12:55:49 PM EDT David Chasman: well, we'll find out Wednesday, April 26, 2006 12:56:10 PM EDT David Chasman: kinda hard to do when ur selling - no ? Wednesday, April 26, 2006 12:56:10 PM EDT David Chasman: kinda hard to do when ur selling - no ? Wednesday, April 26, 2006 12:56:39 PM EDT Brian Hunter: Arnold is the master of moving theclose? Wednesday, April 26, 2006 12:56:39 PM EDT Brian Hunter: Arnold is the master of moving theclose? Wednesday, April 26, 2006 12:56:40 PM EDT Brian Hunter: close Wednesday, April 26, 2006 12:56:41 PM EDT Brian Hunter: close Wednesday, April 26, 2006 12:57:04 PM EDT David

Chasman: well in 90 minutes, we'll find out Wednesday, April 26, 2006 12:57:05 PM EDT  
David Chasman: well in 90 minutes, we'll find out Wednesday, April 26, 2006 12:57:10 PM  
EDT David Chasman: what's our may pos Wednesday, April 26, 2006 12:57:10 PM EDT David  
Chasman: what's our may pos Wednesday, April 26, 2006 12:58:31 PM EDT David Chasman: r u  
done selling may yet ?  
Wednesday, April 26, 2006 12:58:32 PM EDT David Chasman: r u done selling may yet ?  
Wednesday, April 26, 2006 12:59:10 PM EDT Brian Hunter: I think so Wednesday, April 26,  
2006 12:59:11 PM EDT Brian Hunter: I think so Wednesday, April 26, 2006 1:02:14 PM EDT  
David Chasman: how many we short now ?  
Wednesday, April 26, 2006 1:02:15 PM EDT David Chasman: how many we short now ?  
Wednesday, April 26, 2006 1:03:01 PM EDT Brian Hunter: 15k Wednesday, April 26, 2006  
1:03:00 PM EDT Brian Hunter: 15k

From: windowsadmin@amaranthllc.com  
 Sent: Wednesday, April 26, 2006 1:22 PM  
 To: amaranth.dom@amaranth.digitalsafe.net  
 Subject: SUBJECT: CONVERSATION PARTICIPANTS = BHUNTER@AMARANTHLLC.COM;  
 "TRDRXTRA"

IM Network: Yahoo IM

IM Users:

participant=bhunter@amaranthllc.com "hunter\_amaranth"  
 participant="trdrxtra"

IM Dialog:

Wednesday, April 26, 2006 1:22:07 PM EDT Brian Hunter started conversation.  
 Wednesday, April 26, 2006 1:22:07 PM EDT trdrxtra has entered the conversation.  
 Wednesday, April 26, 2006 1:22:07 PM EDT Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Wednesday, April 26, 2006 1:22:07 PM EDT trdrxtra: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
 Wednesday, April 26, 2006 1:22:07 PM EDT trdrxtra: higher or lower Wednesday, April 26, 2006 1:22:08 PM EDT trdrxtra: on close Wednesday, April 26, 2006 1:22:43 PM EDT trdrxtra: me thinks a tad higher Wednesday, April 26, 2006 1:23:01 PM EDT Brian Hunter: I think John wants to bid it on close Wednesday, April 26, 2006 1:23:07 PM EDT Brian Hunter: and then bury it tomorrow Wednesday, April 26, 2006 1:23:17 PM EDT trdrxtra: i am set up that way Wednesday, April 26, 2006 1:23:27 PM EDT Brian Hunter: I think market is Wednesday, April 26, 2006 1:23:43 PM EDT Brian Hunter: that's why I a touch worried about a lower close Wednesday, April 26, 2006 1:23:54 PM EDT trdrxtra: he just sold 500 Wednesday, April 26, 2006 1:23:59 PM EDT trdrxtra: 7 same days Wednesday, April 26, 2006 1:24:09 PM EDT trdrxtra: i think Wednesday, April 26, 2006 1:24:11 PM EDT trdrxtra: it was him Wednesday, April 26, 2006 1:24:24 PM EDT trdrxtra: km Wednesday, April 26, 2006 1:24:27 PM EDT trdrxtra: any opinion Wednesday, April 26, 2006 1:26:03 PM EDT Brian Hunter: not really Wednesday, April 26, 2006 1:26:13 PM EDT Brian Hunter: John is long may like crazy Wednesday, April 26, 2006 1:26:21 PM EDT Brian Hunter: short June like crazy Wednesday, April 26, 2006 1:26:25 PM EDT Brian Hunter: that's a good indication Wednesday, April 26, 2006 1:26:58 PM EDT trdrxtra: dood Wednesday, April 26, 2006 1:27:01 PM EDT trdrxtra: good Wednesday, April 26, 2006 1:27:02 PM EDT trdrxtra: i guess Wednesday, April 26, 2006 1:27:35 PM EDT trdrxtra: it is almost too obvious Wednesday, April 26, 2006 1:27:43 PM EDT trdrxtra: this happened a couple of months ago Wednesday, April 26, 2006 1:27:49 PM EDT Brian Hunter: I remember Wednesday, April 26, 2006 1:28:00 PM EDT Brian Hunter: we bought 15k June 7.25 puts yesterday Wednesday, April 26, 2006 1:29:10 PM EDT Brian Hunter: so we'll see how that goes Wednesday, April 26, 2006 1:29:33 PM EDT trdrxtra: holy crap Wednesday, April 26, 2006 1:31:15 PM EDT trdrxtra: you are not afraid to spend premium Wednesday, April 26, 2006 1:31:36 PM EDT Brian Hunter: this thing has to give in the front Wednesday, April 26, 2006 1:31:41 PM EDT Brian Hunter: at some point Wednesday, April 26, 2006 1:31:47 PM EDT trdrxtra: pira Wednesday, April 26, 2006 1:31:48 PM EDT Brian Hunter: if not this month Wednesday, April 26, 2006 1:31:50 PM EDT Brian Hunter: then next Wednesday, April 26, 2006 1:31:56 PM EDT trdrxtra: said we have to get into shut in levels Wednesday, April 26, 2006 1:32:00 PM EDT Brian Hunter: coal Wednesday, April 26, 2006 1:32:00 PM EDT trdrxtra: like 91 Wednesday, April 26, 2006 1:32:02 PM EDT Brian Hunter: I think Wednesday, April 26, 2006 1:32:04 PM EDT Brian Hunter: not shut in Wednesday, April 26, 2006 1:32:04 PM EDT trdrxtra: to spur dmeand Wednesday, April 26, 2006 1:32:09 PM EDT trdrxtra: 550 Wednesday, April 26, 2006 1:32:12 PM EDT trdrxtra: is coal Wednesday, April 26, 2006 1:32:14 PM EDT trdrxtra: in the east Wednesday, April 26, 2006 1:32:21 PM EDT Brian Hunter: yeah 5.00 merc Wednesday, April 26, 2006 1:32:25 PM EDT Brian Hunter: long way Wednesday, April 26, 2006 1:32:44 PM EDT trdrxtra: i bought the 8/7/6 fly Wednesday, April 26, 2006 1:32:45 PM EDT trdrxtra: in v

---

From: windowsadmin@amaranthllc.com  
Sent: Wednesday, April 26, 2006 1:46 PM  
To: amaranth.dom@amaranth.digital safe.net  
Subject: SUBJECT: CONVERSATION PARTICIPANTS = DCHASMAN@AMARANTHLLC.COM;  
BHUNTER@AMARANTHLLC.COM

IM Network: AOL IM

IM Users:

participant=dchasman@amaranthllc.com "davidchasman2"  
participant=bhunter@amaranthllc.com "hunteramaranth"

IM Dialog:

Wednesday, April 26, 2006 1:45:58 PM EDT David Chasman started conversation.  
Wednesday, April 26, 2006 1:45:58 PM EDT Brian Hunter has entered the conversation.  
Wednesday, April 26, 2006 1:45:58 PM EDT David Chasman: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 1:45:58 PM EDT David Chasman: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 1:45:58 PM EDT Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 1:45:58 PM EDT Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 1:45:58 PM EDT David Chasman: seeing anything yet ?  
Wednesday, April 26, 2006 1:45:58 PM EDT David Chasman: seeing anything yet ?  
Wednesday, April 26, 2006 1:46:52 PM EDT Brian Hunter: not yet Wednesday, April 26, 2006 1:46:52 PM EDT Brian Hunter: not yet Wednesday, April 26, 2006 1:46:57 PM EDT Brian Hunter: trying to get some back stuff done Wednesday, April 26, 2006 1:46:58 PM EDT Brian Hunter: trying to get some back stuff done Wednesday, April 26, 2006 2:01:46 PM EDT David Chasman: bingo Wednesday, April 26, 2006 2:01:46 PM EDT David Chasman: bingo Wednesday, April 26, 2006 2:02:17 PM EDT Brian Hunter: seems to be that way so far Wednesday, April 26, 2006 2:02:18 PM EDT Brian Hunter: seems to be that way so far Wednesday, April 26, 2006 2:02:25 PM EDT Brian Hunter: definitely buyers Wednesday, April 26, 2006 2:02:25 PM EDT Brian Hunter: definitely buyers Wednesday, April 26, 2006 2:02:28 PM EDT Brian Hunter: but we have yet to sell Wednesday, April 26, 2006 2:02:28 PM EDT Brian Hunter: but we have yet to sell

From: windowsadmin@amaranthllc.com  
Sent: Wednesday, April 26, 2006 2:07 PM  
To: amaranth.dom@amaranth.digitalsafe.net  
Subject: SUBJECT: CONVERSATION PARTICIPANTS = "CALLIFRNICATION";  
"HUNTERAMARANTH"

IM Network: AOL IM

IM Users:

participant="callifrnication"  
participant="hunteramaranth"

IM Dialog:

Wednesday, April 26, 2006 2:06:30 PM EDT Matthew Calhoun started conversation.  
Wednesday, April 26, 2006 2:06:30 PM EDT Brian Hunter has entered the conversation.  
Wednesday, April 26, 2006 2:06:30 PM EDT Matthew Calhoun: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 2:06:30 PM EDT Matthew Calhoun: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 2:06:30 PM EDT Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 2:06:30 PM EDT Brian Hunter: IM Administrator: NOTE: This session is recorded and the recording is the sole property of Amaranth.  
Wednesday, April 26, 2006 2:06:30 PM EDT Matthew Calhoun: ja Wednesday, April 26, 2006 2:06:30 PM EDT Matthew Calhoun: ja Wednesday, April 26, 2006 2:06:36 PM EDT Matthew Calhoun: workin hard Wednesday, April 26, 2006 2:06:37 PM EDT Matthew Calhoun: workin hard  
Wednesday, April 26, 2006 2:06:43 PM EDT Brian Hunter: oh yeah Wednesday, April 26, 2006 2:06:45 PM EDT Brian Hunter: its all good Wednesday, April 26, 2006 2:06:44 PM EDT Brian Hunter: oh yeah Wednesday, April 26, 2006 2:06:46 PM EDT Brian Hunter: its all good  
Wednesday, April 26, 2006 2:06:52 PM EDT Brian Hunter: we are finally selling h>j's etc...  
Wednesday, April 26, 2006 2:06:52 PM EDT Brian Hunter: we are finally selling h>j's etc...  
Wednesday, April 26, 2006 2:06:55 PM EDT Brian Hunter: cals Wednesday, April 26, 2006 2:06:55 PM EDT Brian Hunter: cals Wednesday, April 26, 2006 2:06:58 PM EDT Brian Hunter: we are wating to sell Wednesday, April 26, 2006 2:06:58 PM EDT Brian Hunter: we are wating to sell Wednesday, April 26, 2006 2:07:03 PM EDT Matthew Calhoun: yup Wednesday, April 26, 2006 2:07:04 PM EDT Matthew Calhoun: yup

# EXHIBIT B



New York  
Mercantile Exchange

Via E-mail and USPS

August 2, 2006

Mike Carrieri  
Chief Compliance Officer  
Amaranth LLC  
One American Lane  
Greenwich, CT 06831

Dear Mr. Carrieri:

The Compliance Department of the New York Mercantile Exchange ("Exchange") has commenced Investigation Number MS-04-06 to review Amaranth LLC's ("Amaranth") NYMEX Natural Gas futures trading activity for trade date April 26, 2006. Exchange records indicated a heavy concentration of Amaranth's May 2006 Natural Gas ("NG") futures trading activity occurred in the final minutes prior to the termination of trading in the contract.

Specifically, Amaranth sold 2,527 futures contracts during the final 30 minutes of regular trading hours. Of these 2,527 contracts, Amaranth sold 99%, or 2,517 contracts, during the final four minutes of regular trading hours. Of these 2,517 contracts, Amaranth sold 75%, or 1,897 contracts, during the final minute of regular trading hours. Amaranth further sold 517 contracts during the "post-close" trading session.

The Exchange requests that Amaranth review its May 2006 NG trading activity for trade date April 26, 2006, and provide a written explanation of the commercial need and justification for their trading. Please submit your explanation on or before August 15, 2006. Should you have any questions concerning this matter, please contact the undersigned at (212) 299-2881.

Sincerely,

Anthony V. Densieski  
Senior Director  
Market Surveillance

cc: Nancy M. Minetti (NYMEX)  
Bonnie H. Yurga (NYMEX)  
Corey Traub (NYMEX)  
MS-04-06

New York Mercantile Exchange, Inc.  
World Financial Center  
One North End Avenue  
New York, NY 10282-1101  
(212) 299-2000

*The New York Mercantile Exchange, Inc., is composed of two divisions  
The NYMEX Division offers trading in crude oil, heating oil, unleaded gasoline,  
natural gas, electricity, coal, propane, platinum, and palladium. The COMEX Division  
offers trading in gold, silver, copper, and aluminum.*

# EXHIBIT C



/s/ Amaranth

One American Lane  
Greenwich CT 06831

T 203 422 3300  
F 203 422 3500

August 15, 2006

Mr. Anthony Densieski  
Senior Director  
Market Surveillance  
New York Mercantile Exchange  
World Financial Center  
One North End Avenue  
New York, NY 10282-1101

Re: MS-04-06

Dear Mr. Densieski:

I am writing regarding the above-referenced matter in response to your letter to Amaranth LLC ("Amaranth") dated August 2, 2006, in which you requested that Amaranth explain the commercial need and justification for its trading in the NYMEX May 2006 Natural Gas futures contract ("NG") on April 26, 2006. Because this letter contains confidential and proprietary information concerning Amaranth's positions and trading strategies, we respectfully request that NYMEX protect the confidentiality of such information and that it be only disclosed to employees and officials of NYMEX on a "need to know" basis.

Amaranth is a multi-strategy fund that had approximately \$8.7 billion in capital as of the end of April 2006. Among its strategies is energy trading, which typically involves taking positions in various energy derivatives, including exchange traded futures, options on futures, OTC forwards, swaps, and options on a bilateral and cleared basis. Amaranth does not trade physical natural gas. Amaranth has not, to-date, ever made or taken delivery under NG contracts, but has always closed out such contracts prior to the termination of trading.

Amaranth seeks to ensure that its trading activities, including the liquidation of open NG contracts during the spot month, are conducted in an orderly fashion so as not to disrupt the market. Amaranth's trading of natural gas derivatives, including NG contracts, is based upon its evaluation of fundamental market factors and forecasts relating to global and local production, storage, inventory, distribution, and consumption affecting the price of natural gas.

In April 2006, as in the preceding several months, Amaranth's primary natural gas trading strategy was to hold long winter month positions and short summer month positions (which consisted of NG, ICE OTC Cleared, OTC and ClearPort Contracts). This strategy had been successful, particularly in April. Consequently, Amaranth had begun to contemplate efficient strategies to reduce its holdings. One effective strategy had been to sell winter positions and cover short summer positions by allowing financially settled swaps to expire and by either selling or rolling futures prior to their expiration.

Mr. Anthony Densieski  
August 15, 2006  
Page 2

Here's one way you might employ this strategy. As the end of April approaches, the goal is to reduce your short May positions and your long winter positions. Eliminating the May positions that expire in April is easy because you can hold short positions in financially settled May swaps that do not require any expiration day trading. To eliminate winter positions, you need to execute trades in the markets, and it is challenging to set a precise position size schedule. On expiration day, say you could confidently estimate the largest number of winter positions you thought you could eliminate. You would want to have a corresponding short position in financially settled swaps that would expire the same day. In order to accommodate the uncertainty regarding the actual number of winter contracts sold, you can hold some May NG contracts. These contracts give you the flexibility to adjust the amount your short summer position decreases. If you sell the maximum number of winter contracts, you simply roll your long May futures position forward (leaving your full financially settled swap position to expire). If you sell fewer winter contracts, you sell your May futures instead.

By April 26, Amaranth had established short positions of approximately 10,000 financially settled May ICE swaps and 3,000 financially settled May ClearPort swaps, and a long position of 3,044 May NG contracts. Using the logic described above, this gave Amaranth the ability to reduce its summer/winter spread holdings by as little as 10,000 lots (by selling the May contracts prior to expiry) and as many as approximately 13,000 lots (by rolling the May contracts forward).

Amaranth monitored the winter natural gas market on April 26th hoping to sell winter, and roll the long May NG to June on a spread. Towards the end of the trading day it became apparent that Amaranth would not be able to sell the winter contracts at attractive prices. Thus, Amaranth decided (to the best of its recollection), at some time between approximately 2:17-2:23 p.m., to sell the May NG contracts outright. During this period Amaranth placed three orders aggregating a total of 3,044 May NG contracts with three different NYMEX floor brokers (approximately 2000 contracts with ALX, 500 contracts with Gotham and 500 contracts with TFS) with the instruction to sell the contracts before the close at the best possible prices. Therefore, the timing of the execution of the trades in the trading pit was at the discretion of the floor brokers.

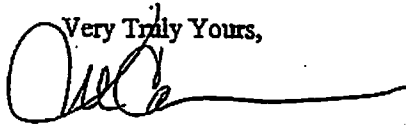
If any of Amaranth's orders were executed in the post-close session, that was not due to Amaranth's instructions to do so, but perhaps occurred because a floor broker erroneously failed to comply with Amaranth's instructions to complete the execution of its orders prior to the close. As noted above, Amaranth historically has not made or taken delivery under NG contracts and thus would not want to take the risk of its orders not being filled prior to the close of trading.

In conclusion, Amaranth's trading of May NG contracts during the close of the May NG market was motivated by the desire to achieve an aggregate reduction in the risk of its portfolio.

Mr. Anthony Densieski  
August 15, 2006  
Page 3

Please feel free to contact me at 203-422-3317 should you have any questions regarding the information in this letter.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'Michael Carrieri', with a long horizontal flourish extending to the right.

Michael Carrieri

Compliance Director

cc: Nancy M. Minett

Bonnie H. Yurga

Corey Traub

Michael Philipp, Winston & Strawn LLP